

# FISCAL NOTE

**Bill #:** SB0051                      **Title:** Increase debt limit of board of housing

**Primary Sponsor:** Bohlinger, J                      **Status:** As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director	Date
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## Fiscal Summary

	<b><u>FY 2004 Difference</u></b>	<b><u>FY 2005 Difference</u></b>
<b>Expenditures:</b>	\$0	\$0
<b>Revenue:</b>	\$0	\$0
<b>Net Impact on General Fund Balance:</b>	\$0	\$0

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|--|--|
| <input type="checkbox"/> Significant Local Gov. Impact<br><input checked="" type="checkbox"/> Included in the Executive Budget<br><input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Technical Concerns<br><input type="checkbox"/> Significant Long-Term Impacts<br><input type="checkbox"/> Needs to be included in HB 2 |
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## Fiscal Analysis

### ASSUMPTIONS:

1. The Board of Housing is projecting that its statutorily-established debt limit will be reached by FY 2006 and, once the debt limit is reached, the board will no longer be able to issue debt (bonds) or originate mortgages.
2. The Board of Housing originated \$132 million in mortgages that put 1,600 Montana families in home ownership during 2002. The average income of families in the board's regular housing programs was \$33,000 per year and in the special housing programs was \$20,000 in 2002.
3. All mortgages financed by Board of Housing bonds are insured by the federal government (FHA, RD, or VA guaranteed). Board of Housing bonds are **not** general obligations of the State of Montana. Therefore, the state has no legal obligation for bonds issued by the Board of Housing.
4. Bonds issued by the Board of Housing are rated AA+ by Standard & Poor's, Aa2 by Moody's, and the board only issues debt (bonds) if the demand for mortgages warrants it.
5. Increasing the board's debt limit is appropriate considering the long-term nature of housing programs. It's managerially inefficient and ineffective to seek legislative revisions to the board's debt limit each session and run the risk that programs might not be able to serve eligible Montana customers between sessions.
6. Since the issuance of debt (bonds) is offset by mortgages receivable or cash, there are no expenditures recorded. The Board of Housing is funded via a non-budgeted enterprise fund.
7. The only requested change in this legislation is the increase in the debt limit from \$975 million to \$1.5 billion on page 2, line 8. All other changes shown in the bill are code clean-up by the Legislative Services Division.